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## FISCAL IMPACT REPORT

SPONSOR: Altamirano DATE TYPED: 2/18/03 HB \_\_\_\_\_

SHORT TITLE: Tricare Services Gross Receipts SB 654

ANALYST: Smith

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(295.0)	(320.0)	Recurring	General Fund
	(195.0)	(215.0)	Recurring	Local Funds

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates HB759

### SOURCES OF INFORMATION

Responses Received From

TRD

### SUMMARY

#### Synopsis of Bill

Senate Bill 654 amends Section 7-9-77.1 NMSA 1978 to provide doctors and osteopathic physicians a gross receipts tax deduction for receipts from third-party administrators of the Federal Military TRICARE program. TRICARE is a managed care health insurance program similar to various managed care private insurance programs.

The section is further amended to clarify that medical doctors licensed pursuant to Section 66-6-13 (Licensure by Endorsement) and osteopaths licensed pursuant to Section 66-10-12 (Licensure without Examination) qualify for the current Medicare deduction.

The bill also makes a minor change in terminology from “osteopaths” to “osteopathic physicians”.

**FISCAL IMPLICATIONS**

TRD notes that roughly 3.9% of the state's population is covered by TRICARE. TRICARE program administrators report paying \$7.5 million in claims in fiscal year 2000 for all professional services. A 6% average rate of growth was used to approximate the base on which the fiscal impact is estimated.

**OTHER SUBSTANTIVE ISSUES**

TRD notes that in addition to adding an element of stability to the gross receipts tax, receipts of the health care industry grow more quickly than general revenue. Exempting this sector reduces the state's ability to generate adequate revenue from the gross receipts tax over time.

**SS/njw:pr**